

TAB 4

**CITY OF PALMETTO RETIREMENT PLAN**

ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2009

ANNUAL EMPLOYER CONTRIBUTION IS DETERMINED BY THIS VALUATION FOR THE  
PLAN YEAR ENDING SEPTEMBER 30, 2011

May 25, 2010

Board of Trustees  
City of Palmetto Retirement Plan  
Palmetto, Florida

Dear Board Members:

We are pleased to present our October 1, 2009 Actuarial Valuation Report for the Plan. The purpose of the Report is to set forth required contribution levels, to disclose plan assets and actuarial liabilities, to comment on funding progress and to provide supporting information regarding the operation of the Plan. This Report is also designed to comply with requirements of the State.

The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

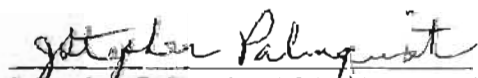
As indicated below, the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

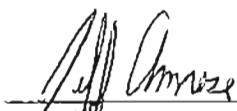
This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

We will be pleased to answer any questions pertaining to the valuation and to meet with you to review this Report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

  
J. Stephen Palmquist, ASA, MAAA, FCA  
Enrolled Actuary No. 08-1560

  
Jeffrey Amrose, MAAA  
Enrolled Actuary No. 08-06599

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**SECTION A**  
**DISCUSSION OF VALUATION RESULTS**

## DISCUSSION OF VALUATION RESULTS

### Comparison of Required Employer Contributions

The minimum required employer contribution developed in this year's valuation is compared below with that of the previous valuation:

	<b>For FYE 9/30/2011 Based on 10/1/2009 Valuation</b>	<b>For FYE 9/30/2010 Based on 10/1/2008 Valuation</b>	<b>Increase (Decrease)</b>
Required Employer Contribution	\$ 779,720	\$ 770,305	\$ 9,415
As % of Covered Payroll	23.47 %	19.20 %	4.27 %

The required contributions listed above were calculated as though payments are made at the end of each biweekly pay period. The actual employer contribution during the fiscal year ending September 30, 2009 was \$640,483 compared to the minimum required amount of \$639,605.

### Revisions in Benefits

There have been no changes in benefits since the last valuation.

### Revisions in Actuarial Assumptions or Methods

There have been no changes in actuarial assumptions or methods since the last valuation.

### Actuarial Experience

There was a net actuarial loss of \$344,573 for the year which means that actual experience was less favorable than expected. The loss is due to recognized investment return below the assumed rate of 7.50%. The investment return was 0.9% on market value of assets and 1.4% based on the actuarial value. The actuarial loss has caused an increase in the required contribution of 0.93% of covered payroll.

### **Analysis of Change in Employer Contribution**

The components of change in the required employer contribution are as follows:

Contribution Rate Last Year	19.20 %
Actuarial Experience	0.93
Normal Cost Rate	0.02
Administrative Expenses	0.98
Amortization Payment on UAAL	2.34
Change in Benefits	0.00
Change in Assumptions and Methods	<u>0.00</u>
Contribution rate this year	23.47

### **Variability of Future Contribution Rates**

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year. Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Actuarial Value of Assets exceeds the Market Value of Assets by \$1,506,299 as of the valuation date (see Section C). This difference will be gradually recognized over the next few years in the absence of offsetting gains. In turn, the computed employer contribution rate will increase by approximately 4.1% of covered payroll over the same period.

### **Relationship to Market Value**

If Market Value had been the basis for the valuation, the City contribution rate would have been 27.56% rather than 23.47%. In the absence of other gains and losses, the City contribution rate should increase to this value over the next several years.

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

**SECTION B**  
**VALUATION RESULTS**



PARTICIPANT DATA		
	October 1, 2009	October 1, 2008
<b>ACTIVE MEMBERS</b>		
Number	77	92
Covered Annual Payroll	\$ 3,194,420	\$ 3,857,700
Average Annual Payroll	\$ 41,486	\$ 41,932
Average Age	47.0	46.5
Average Past Service	8.5	7.5
Average Age at Hire	38.5	39.0
<b>RETIREES &amp; BENEFICIARIES &amp; DROP</b>		
Number	46	41
Annual Benefits	\$ 592,040	\$ 503,599
Average Annual Benefit	\$ 12,870	\$ 12,283
Average Age	70.3	70.6
<b>DISABILITY RETIREES</b>		
Number	3	3
Annual Benefits	\$ 22,190	\$ 22,190
Average Annual Benefit	\$ 7,397	\$ 7,397
Average Age	65.1	64.1
<b>TERMINATED VESTED MEMBERS</b>		
Number	1	1
Annual Benefits	\$ 19,108	\$ 19,108
Average Annual Benefit	\$ 19,108	\$ 19,108
Average Age	55.7	54.7

ANNUAL REQUIRED CONTRIBUTION (ARC)		
A. Valuation Date	October 1, 2009	October 1, 2008
B. ARC to Be Paid During Fiscal Year Ending	9/30/2011	9/30/2010
C. Assumed Date of Employer Contribution	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 404,804	\$ 367,001
E. Employer Normal Cost	317,920	346,870
F. ARC if Paid on the Valuation Date: D+E	722,724	713,871
G. ARC Adjusted for Frequency of Payments	749,889	740,703
H. ARC as % of Covered Payroll	23.47 %	19.20 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	4.00 %	4.00 %
J. Covered Payroll for Contribution Year	3,322,197	4,012,007
K. ARC for Contribution Year: H x J	779,720	770,305
L. REC as % of Covered Payroll in Contribution Year: M ÷ J	23.47 %	19.20 %

# **ACTUARIAL VALUE OF BENEFITS AND ASSETS**

A. Valuation Date	October 1, 2009	October 1, 2008
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 9,118,059	\$ 9,906,650
b. Vesting Benefits	378,564	409,181
c. Disability Benefits	437,747	472,109
d. Preretirement Death Benefits	90,995	101,645
e. Return of Member Contributions	179,003	230,183
f. Total	<u>10,204,368</u>	<u>11,119,768</u>
2. Inactive Members		
a. Service Retirees & Beneficiaries	6,048,736	5,138,402
b. Disability Retirees	211,870	216,121
c. Terminated Vested Members	148,637	137,846
d. Total	<u>6,409,243</u>	<u>5,492,369</u>
3. Total for All Members	16,613,611	16,612,137
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	13,242,553	12,697,837
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	10,715,242	10,012,989
E. Plan Assets		
1. Market Value	7,223,742	7,071,029
2. Actuarial Value	8,730,041	8,518,496
F. Unfunded Actuarial Accrued Liability: C - E2	4,512,512	4,179,341
G. Actuarial Present Value of Projected Covered Payroll	24,750,982	28,833,236
H. Actuarial Present Value of Projected Member Contributions	1,237,549	1,441,662

# **CALCULATION OF EMPLOYER NORMAL COST**

A. Valuation Date	October 1, 2009	October 1, 2008
B. Normal Cost for		
1. Service Retirement Benefits	\$ 336,741	\$ 406,104
2. Vesting Benefits	24,803	29,921
3. Disability Benefits	18,936	22,542
4. Preretirement Death Benefits	3,149	3,883
5. Return of Member Contributions	37,216	45,018
6. Total for Future Benefits	420,845	507,468
7. Assumed Amount for Expenses	56,796	32,287
8. Total Normal Cost	477,641	539,755
C. Expected Member Contribution	159,721	192,885
D. Employer Normal Cost: B8-C	317,920	346,870
E. Employer Normal Cost as % of Covered Payroll	9.95 %	8.99 %

# LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level dollar amount over the number of years remaining in the amortization period. Details relating to the UAAL are as follows:

A. UAAL Amortization Period and Payments					
Original UAAL			Current UAAL		
Date Established	Source	Amount	Years Remaining	Amount	Payment
10/1/89	Change Assump	\$ (40,569)	10	\$ (14,784)	\$ (2,004)
10/1/89	Amendment	4,215	10	1,469	199
10/1/90	Change Assump	5,928	11	2,166	275
10/1/90	Amendment	524,421	11	191,607	24,365
10/1/91	Change Assump	63,776	12	30,000	3,608
10/1/92	Funding Method Chng	594,796	13	292,561	33,492
10/1/92	Change Assump	(85,976)	13	(44,220)	(5,062)
10/1/93	Funding Method Chng	(519,590)	14	(277,808)	(30,442)
10/1/94	Amendment	35	15	20	2
10/1/95	Exp Gain	(9,456)	1	(844)	(844)
10/1/96	Amendment	223,985	17	127,482	12,570
10/1/96	Exp Gain	(8,283)	2	(1,405)	(728)
10/1/97	Exp Gain	(508,962)	3	(124,447)	(44,516)
10/1/98	Change Assump	(244,027)	19	(153,707)	(14,357)
10/1/98	Amendment	540,890	19	340,700	31,823
10/1/98	Exp Loss	15,899	4	4,927	1,369
10/1/99	Exp Loss	40,529	5	14,965	3,441
10/1/00	Exp Gain	(360,959)	6	(154,554)	(30,630)
10/1/01	Exp Loss	236,752	7	86,474	15,187
10/1/01	Change Assump	13,592	22	7,372	646
10/1/02	Exp Loss	916,233	8	616,423	97,898
10/1/03	Exp Gain	(14,327)	9	(10,444)	(1,523)
10/1/04	Exp Gain	(105,544)	10	(82,635)	(11,199)
10/1/05	Exp Gain	(133,444)	11	(113,271)	(14,404)
10/1/06	Exp Loss	626,281	12	600,197	72,179
10/1/07	Exp Loss	20,429	13	19,805	2,267
10/1/07	Assump. Change	1,688,841	28	1,742,260	140,038
10/1/08	Exp Loss	1,446,623	24	1,449,575	122,776
10/1/08	Assump. and Method Change	(379,226)	29	(381,944)	(30,377)
10/1/09	Exp Loss	344,573	25	344,573	28,755
		\$ 4,897,435		\$ 4,512,512	\$ 404,804

**B. Schedule Illustrating the Expected Amortization of the UAAL**

Year	Expected UAAL
2009	\$ 4,512,512
2010	4,415,786
2011	4,310,899
2012	4,197,362
2013	4,027,455
2014	3,846,277
2019	2,858,682
2024	2,090,975
2029	1,241,829
2034	282,112
2038	

## ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year has been computed as follows:

1. Last Year's UAAL	\$ 4,179,341
2. Last Year's Employer Normal Cost	314,155
3. Last Year's Contributions	640,483
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	337,012
b. 3 from dates paid	22,086
c. a - b	314,926
5. This Year's Expected UAAL 1 + 2 - 3 + 4c	4,167,939
6. This Year's Actual UAAL (After Changes in Benefits or Assumptions)	4,512,512
7. Net Actuarial Gain (Loss): (5) - (6)	(344,573)
8. Gain (Loss) due to Investments	(535,418)
9. Gain (Loss) from other sources	190,845

Actuarial gains in previous years have been as follows:

Year Ended	Gain (Loss)
9/30/99	\$ (40,529)
9/30/00	360,959
9/30/01	(236,752)
9/30/02	(916,233)
9/30/03	14,327
9/30/04	105,544
9/30/05	133,444
9/30/06	(626,281)
9/30/07	(20,429)
9/30/08	(1,446,623)
9/30/09	(344,573)

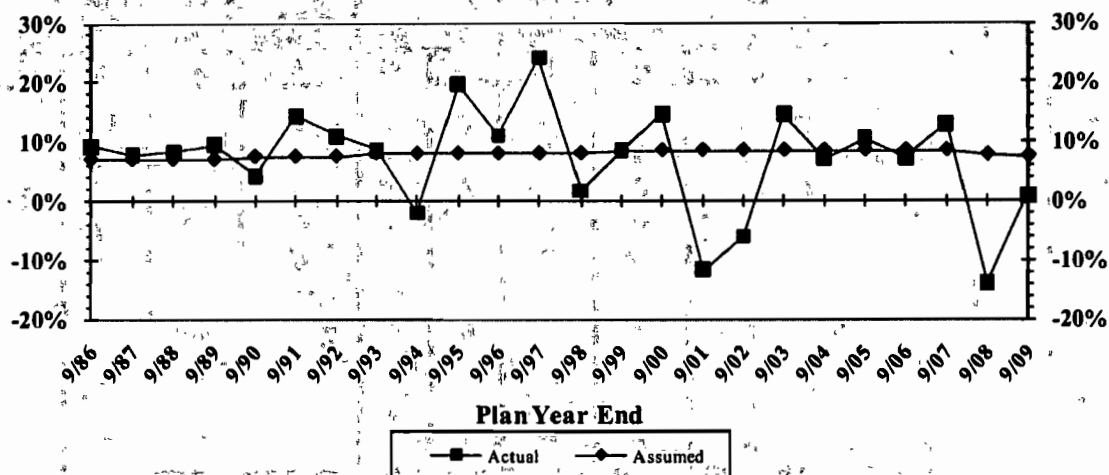
The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan, so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
9/30/1986	9.2 %	7.0 %	---	---
9/30/1987	7.8	7.0	---	---
9/30/1988	8.2	7.0	3.1 %	6.0 %
9/30/1989	9.5	7.0	4.9	6.0
9/30/1990	4.2	7.5	6.8	6.0
9/30/1991	14.3	7.5	10.2	6.0
9/30/1992	10.9	7.5	5.9	6.0
9/30/1993	8.6	8.0	13.2	6.0
9/30/1994	(2.0)	8.0	2.3	6.0
9/30/1995	19.5	8.0	9.0	6.0
9/30/1996	11.0	8.0	11.1	6.0
9/30/1997	24.1	8.0	3.1	6.0
9/30/1998	1.7	8.0	6.9	6.0
9/30/1999	8.5	8.5	8.5	6.0
9/30/2000	14.6	8.5	1.9	6.0
9/30/2001	(11.7)	8.5	4.6	6.0
9/30/2002	(6.1)	8.5	9.2	6.0
9/30/2003	14.5	8.5	3.3	6.0
9/30/2004	7.1	8.5	5.9	6.0
9/30/2005	10.5	8.5	5.5	6.0
9/30/2006	7.2	8.5	15.1	6.0
9/30/2007	12.9	8.5	6.8	6.0
9/30/2008	(13.9)	7.75	7.2	7.4
9/30/2009	0.9	7.50	2.0	7.4
Averages	6.8 %	---	6.6 %	---

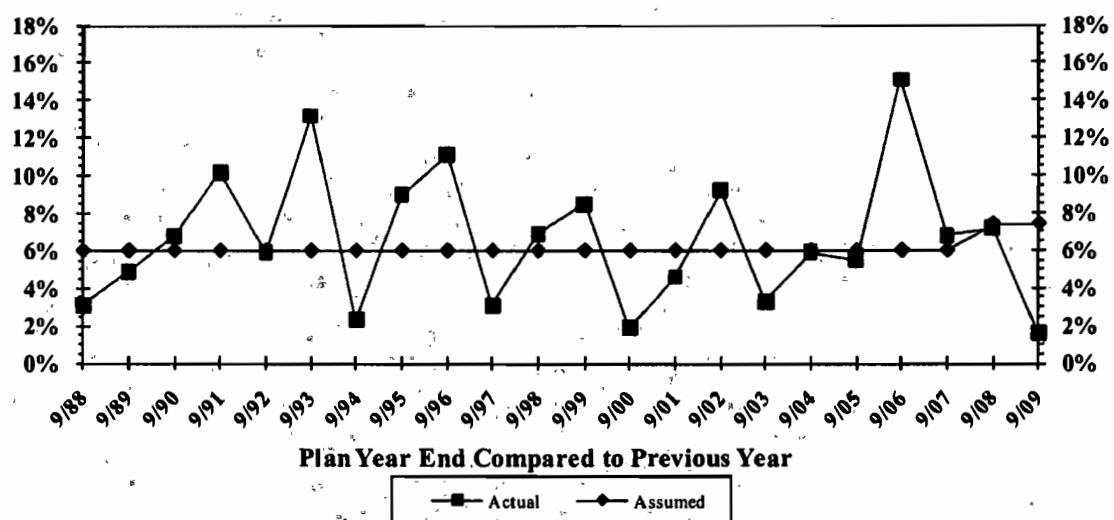
The actual investment return rates shown above are based on the market value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.



### History of Investment Return Based on Market Value of Assets



### History of Salary Increases



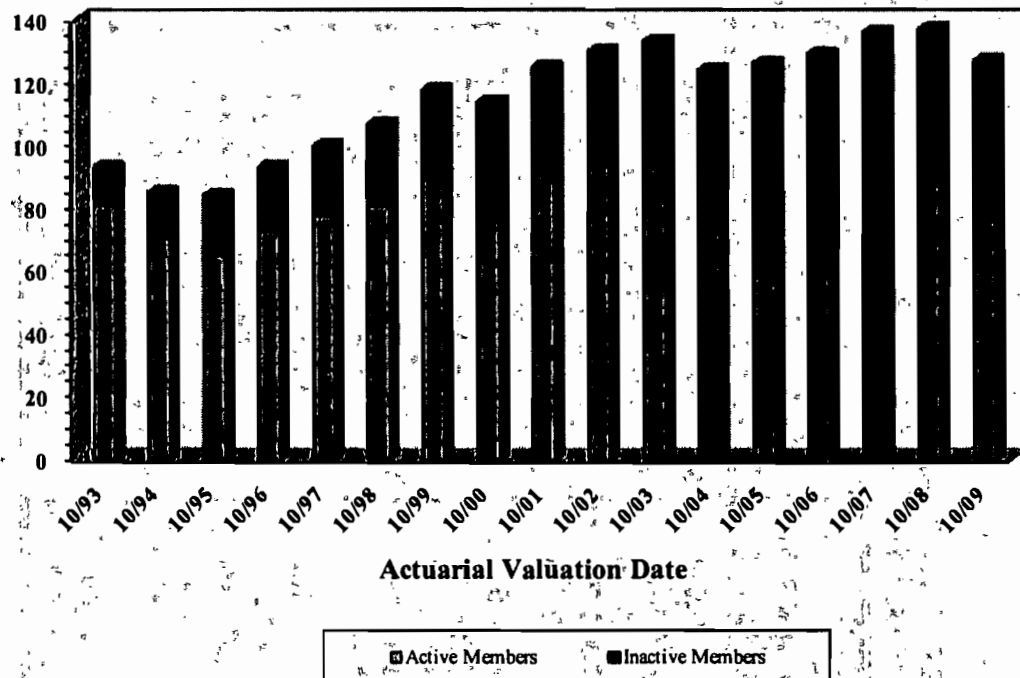
**Actual (A) Compared to Expected (E) Decrements  
Among Active Employees**

Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
											A	E	
9/30/2002	18	15	1	3	1	0	0	0	1	12	13	4	94
9/30/2003	14	15	4	3	0	0	0	0	0	11	11	4	93
9/30/2004	7	14	1	2	0	0	0	0	0	13	13	4	86
9/30/2007	14	14	3	1	0	0	0	0	0	11	11	4	86
9/30/2006	9	9	5	1	0	0	1	0	0	3	3	4	86
9/30/2007	17	10	0	1	0	0	0	0	1	9	10	4	93
9/30/2008	8	9	3	2	0	0	0	0	0	6	6	11	92
9/30/2009	0	15	5	5	0	0	0	0	0	10	10	10	77
9/30/2010				4		0		0				7	
8 Yr Totals *	87	101	22	18	1	0	1	0	2	75	77	45	

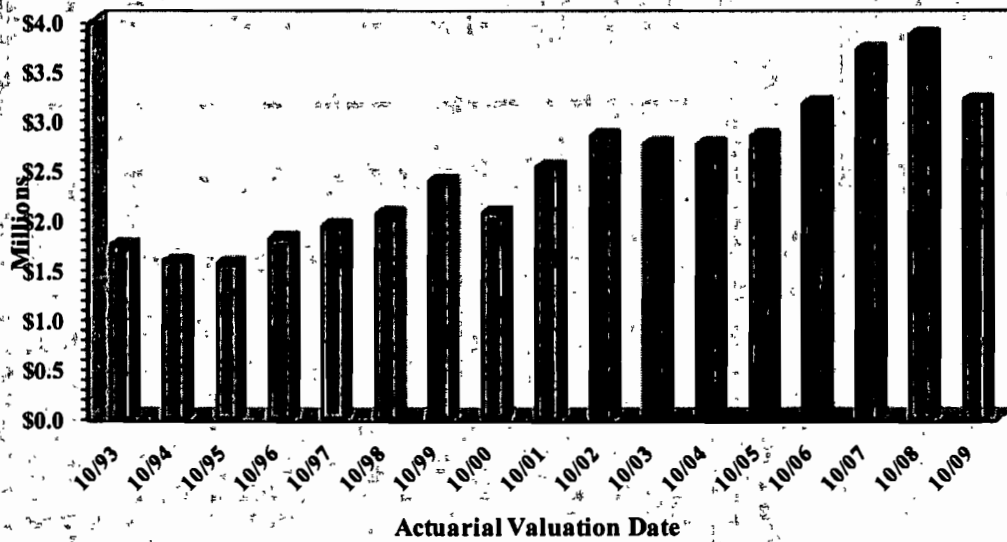
\* Totals are through current Plan Year only

RECENT HISTORY OF VALUATION RESULTS							
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	UFAAL	Employer Normal Cost (NC)	NC as % of Payroll
	Active Members	Inactive Members					
10/1/93	81	12	\$ 1,740,350	\$ 2,577,964	\$ 383,995	\$ 205,555	11.81 %
10/1/94	71	14	1,578,354	2,803,417	350,538	158,802	10.06
10/1/95	65	19	1,557,315	3,031,786	346,244	143,495	9.21
10/1/96	73	20	1,816,563	3,302,709	565,043	186,505	10.27
10/1/97	78	22	1,938,289	4,105,384	54,093	197,485	10.19
10/1/98	81	26	2,059,454	4,499,036	331,254	202,871	9.85
10/1/99	90	28	2,383,138	4,968,625	392,604	239,677	10.06
10/1/00	80	34	2,068,992	5,401,727	51,894	208,315	10.07
10/1/01	91	34	2,521,440	5,509,891	259,342	237,881	9.43
10/1/02	94	36	2,832,569	5,274,601	1,121,731	256,602	9.06
10/1/03	93	40	2,752,396	5,868,307	1,091,187	240,405	8.73
10/1/04	86	38	2,753,730	6,423,551	966,692	261,509	9.50
10/1/05	86	40	2,831,275	6,955,448	789,772	288,141	10.18
10/1/06	86	43	3,161,376	7,545,546	1,349,320	317,954	10.06
10/1/07	93	43	3,707,079	8,107,177	3,069,111	314,155	8.47
10/1/08	92	45	3,857,700	8,518,496	4,179,341	346,870	8.99
10/1/09	77	50	3,194,420	8,730,041	4,512,512	317,920	9.95

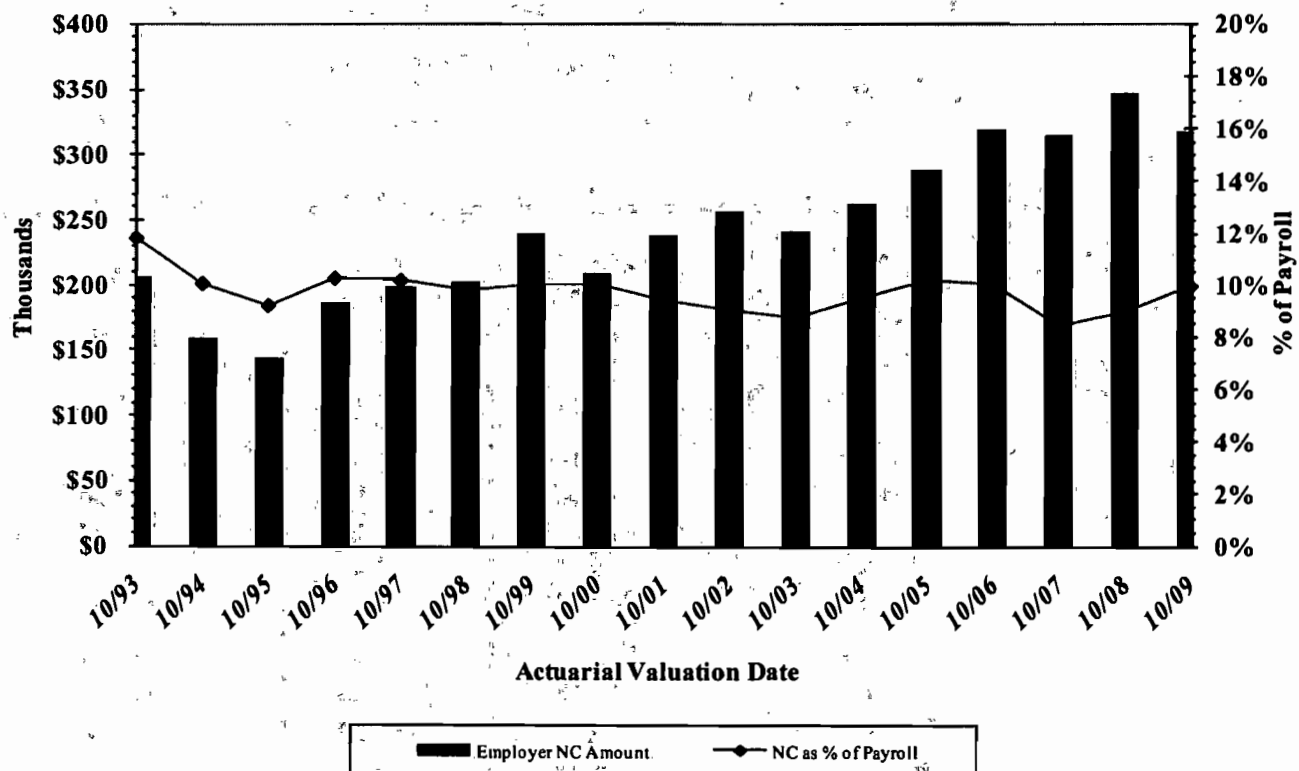
Recent History of Number of Members



Recent History of Covered Annual Payroll



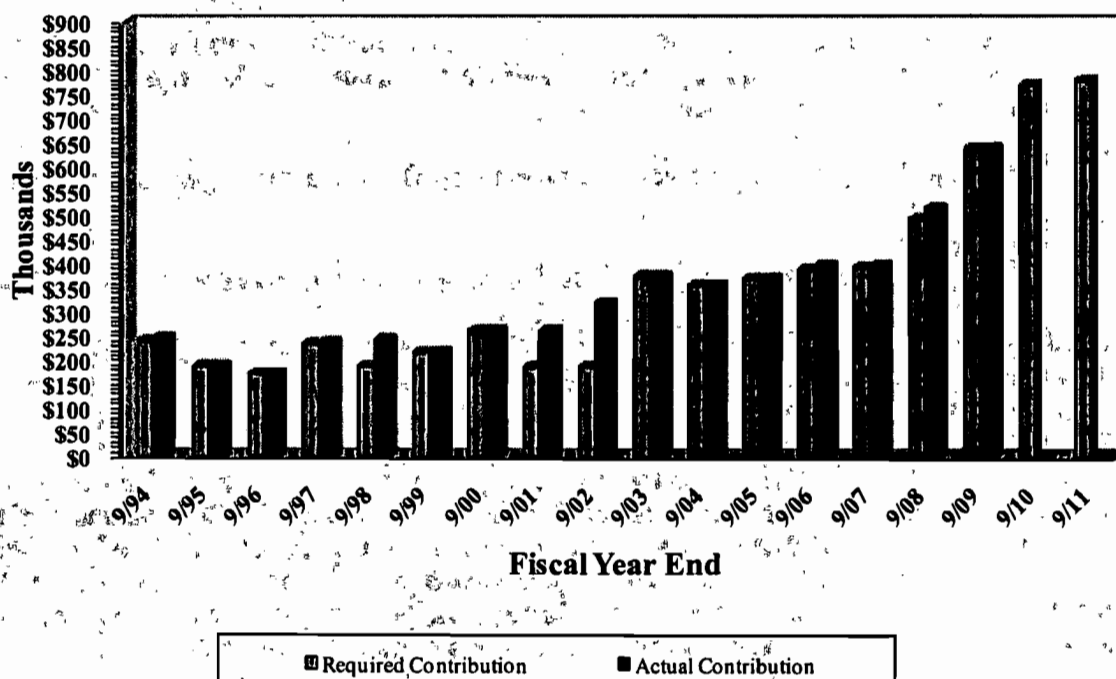
### Recent History of Employer Normal Cost



# RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS

Valuation	Applies to Fiscal Year Ending	Required Employer Contribution		Actual Employer Contribution for Year to Which Valuation Applies
		Amount	% of Payroll	
10/1/93	9/30/94	\$ 240,949	13.84 %	\$ 246,171
10/1/94	9/30/95	188,726	11.96	188,726
10/1/95	9/30/96	171,919	11.04	171,920
10/1/96	9/30/97	234,532	12.91	238,013
10/1/97	9/30/98	188,646	9.73	243,834
10/1/98	9/30/99	218,198	10.59	218,199
10/1/99	9/30/00	261,249	10.96	262,060
10/1/00	9/30/01	187,773	9.08	263,008
10/1/01	9/30/02	188,284	7.47	320,706
10/1/02	9/30/03	375,985	13.27	375,985
10/1/03	9/30/04	356,845	12.96	357,556
10/1/03	9/30/05	370,979	12.96	370,979
10/1/04	9/30/06	390,060	13.62	397,805
10/1/05	9/30/07	394,861	13.41	397,559
10/1/06	9/30/08	495,147	15.06	516,320
10/1/07	9/30/09	639,605	16.59	640,483
10/1/08	9/30/10	770,305	19.20	na
10/1/09	9/30/11	779,720	23.47	na

### Recent History of Required and Actual Contributions



## ACTUARIAL ASSUMPTIONS AND COST METHOD

**Actuarial Cost Method** - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

**Financing of Unfunded Actuarial Accrued Liabilities** - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

**Actuarial Value of Assets** - The actuarial value of assets is equal to the expected actuarial value. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

### Valuation Assumptions

*The actuarial assumptions used in the valuation are shown in this Section.*

### Economic Assumptions

*The investment return rate* assumed in the valuation is 7.5% per year, compounded annually (net after investment expenses).

The **Wage Inflation Rate** assumed in this valuation was 3.0% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 7.5% investment return rate translates to an assumed real rate of return over wage inflation of 4.5%.

The active member population is assumed to remain constant.

*Pay increase assumptions* for individual active members are shown below. Part of the assumption for each age is for merit and/or seniority increase, and the other 3.0% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.



The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Years of Service	Rates
0 - 19	7.5 %
20 - 24	7.0
25 - 29	6.5
30 +	6.0

### Demographic Assumptions

The mortality table was the RP 2000 table with Generational Mortality for males and females.

Sample Attained Ages (2009)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.18 %	0.15 %	33.71	35.32
55	0.31	0.25	28.61	30.37
60	0.59	0.49	23.71	25.61
65	1.14	0.93	19.14	21.13
70	1.97	1.61	15.01	17.03
75	3.38	2.64	11.32	13.34
80	5.94	4.34	8.21	10.08

This assumption is used to measure the probabilities of each benefit payment being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement (75% of deaths are assumed to be service-connected).

For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity.

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Years past NRD	Rates
0 - 1	75
1 - 2	25
2 - 3	50
3 +	100

*Rates of separation from active membership* were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Years of Service	Rates
0 - 1	22.0 %
1 - 2	20.0
2 - 3	18.0
3 - 4	16.0
4 - 5	14.0
5 - 6	12.0
6 - 7	10.0
7 - 8	9.0
8 - 9	8.0
9 - 10	7.0
Age (>10 years svc)	Rates
30 +	2.0 %

*Rates of disability among active members.*

Age	Rates
25	0.09
30	0.12
35	0.14
40	0.25
45	0.35
50	0.55
55	0.74
60	0.97
65	---

## Miscellaneous and Technical Assumptions

### **Administrative & Investment Expenses**

The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the actual administrative expenses paid in the previous year. Assumed administrative expenses are added to the Normal Cost.

### **Benefit Service**

Exact fractional service is used to determine the amount of benefit payable.

### **Decrement Operation**

Disability and mortality decrements operate during retirement eligibility.

### **Decrement Timing**

Decrement of all types are assumed to occur at the beginning of the year.

### **Eligibility Testing**

Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

### **Forfeitures**

For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.

### **Incidence of Contributions**

Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

### **Liability Load**

Projected normal and early retirement benefits are loaded by 4.5% to allow for the inclusion of unused leave pay in final average earnings.

### **Marriage Assumption**

100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.

### **Normal Form of Benefit**

The life annuity is the normal form of benefit.

### **Pay Increase Timing**

Beginning of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

### **Service Credit Accruals**

It is assumed that members accrue one year of service credit per year.

## GLOSSARY

- Actuarial Accrued Liability (AAL)** The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
- Actuarial Assumptions** Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
- Actuarial Cost Method** A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
- Actuarial Equivalent** Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
- Actuarial Present Value (APV)** The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
- Actuarial Present Value of Future Benefits (APVFB)** The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
- Actuarial Valuation** The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 25, such as the Funded Ratio and the Annual Required Contribution (ARC).
- Actuarial Value of Assets** The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).
- Annual Required Contribution (ARC)** The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.

<b><i>Closed Amortization Period</i></b>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<b><i>Employer Normal Cost</i></b>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<b><i>Equivalent Single Amortization Period</i></b>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<b><i>Experience Gain/Loss</i></b>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<b><i>Funded Ratio</i></b>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<b><i>GASB</i></b>	Governmental Accounting Standards Board.
<b><i>GASB No. 25 and GASB No. 27</i></b>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
<b><i>Normal Cost</i></b>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<b><i>Open Amortization Period</i></b>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

***Unfunded Actuarial Accrued Liability***

The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

***Valuation Date***

The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

**SECTION C**  
**PENSION FUND INFORMATION**

## STATEMENT OF PLAN ASSETS

Item	September 30	
	2009	2008
A. Cash and Cash Equivalents (Operating Cash)	\$ 71,559	\$ 15,238
B. Receivables:		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. Investment Income and Other Receivables	23,611	34,178
4. Prepaid Expenses	-	-
5. Total Receivables	\$ 23,611	\$ 34,178
C. Investments		
1. Short Term Investments	\$ 547,532	\$ 458,611
2. Domestic Equities	4,778,599	4,180,007
3. International Equities	-	-
4. Domestic Fixed Income	2,110,194	2,549,299
5. International Fixed Income	-	-
6. Real Estate	-	-
7. Private Equity	-	-
8. Total Investments	\$ 7,436,325	\$ 7,187,917
D. Liabilities		
1. Benefits Payable	\$ -	\$ -
2. Accrued Expenses and Other Payables	-	-
3. Total Liabilities	\$ -	\$ -
E. Total Market Value of Assets Available for Benefits	\$ 7,531,495	\$ 7,237,333
F. Reserves		
1. DROP Accounts	(307,753)	(166,304)
2. Total Liabilities	\$ (307,753)	\$ (166,304)
G. Market Value Net of Reserves	\$ 7,223,742	\$ 7,071,029
H. Allocation of Investments		
1. Short Term Investments	7.4%	6.4%
2. Domestic Equities	64.2%	58.1%
3. International Equities	0.0%	0.0%
4. Domestic Fixed Income	28.4%	35.5%
5. International Fixed Income	0.0%	0.0%
6. Real Estate	0.0%	0.0%
7. Private Equity	0.0%	0.0%
8. Total Investments	100.0%	100.0%



# RECONCILIATION OF PLAN ASSETS

Item	September	
	2009	2008
A. Market Value of Assets at Beginning of Year	\$ 7,237,333	\$ 8,141,564
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 179,476	\$ 191,480
b. Employer Contributions	640,483	516,320
c. Other Income		
d. Total	\$ 819,959	\$ 707,800
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 178,244	\$ 215,368
b. Net Realized Gains/(Losses)	(1,099,636)	15,322
c. Net Unrealized Gains/(Losses)	\$ 1,048,820	\$ (1,308,466)
d. Investment Expenses	(61,750)	(74,881)
e. Net Investment Income	\$ 65,678	\$ (1,152,657)
3. Benefits and Refunds		
a. Refunds	\$ (102,199)	\$ (15,447)
b. Regular Monthly Benefits	(432,480)	(411,640)
c. Insurance Premiums		
d. Total	\$ (534,679)	\$ (427,087)
4. Administrative and Miscellaneous Expenses	\$ (56,796)	\$ (32,287)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 7,531,495	\$ 7,237,333
D. Reserves		
1. DROP Accounts	\$ (307,753)	\$ (166,304)
2. Total Reserves	\$ (307,753)	\$ (166,304)
E. Market Value Net of Reserves	\$ 7,223,742	\$ 7,071,029

### ACTUARIAL VALUE OF ASSETS

	Year Ending September 30	
	2009	2008
A. Last Year's Actuarial Value of Assets	\$ 8,684,800	\$ 8,193,480
B. Contributions	819,959	707,800
C. Disbursements	591,475	459,374
D. Time Weighted Cash Flow: 1/2(B-C)	114,242	124,213
E. Expected Investment Return: 0.0750*(A+D)	659,928	644,621
F. Expected Actuarial Value of Assets: A+B-C+E	9,573,212	9,086,527
G. Market Value	7,531,495	7,237,333
H. Percentage: F/G	127.1 %	125.6 %
I. Actuarial Value (within 20% of Market)	9,037,794	8,684,800
J. Less: DROP Account Balance	307,753	166,304
K. Final Actuarial Value of Assets	8,730,041	8,518,496

Investment earnings recognized in the Actuarial Value of Assets is computed as follows:

\$ 9,037,794	Actuarial Value this year
8,684,800	Actuarial Value last year
819,959	Contributions during year
+ 591,475	Expenses during year
\$ 124,510	Net Return recognized

**RECONCILIATION OF DROP ACCOUNTS**

Value at beginning of year	\$ 166,304
Payments credited to accounts	+ 126,689
Investment Earnings credited	+ 14,760
Withdrawals from accounts	- 0
Value at end of year	307,753

## INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following basis:

- Basis 1** - Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.
- Basis 2** - Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

Year Ended	Investment Rate of Return	
	Basis 1	Basis 2
9/30/86	9.2 %	--- %
9/30/87	7.8	---
9/30/88	8.2	---
9/30/89	9.5	---
9/30/90	4.2	---
9/30/91	14.3	---
9/30/92	10.9	---
9/30/93	8.6	---
9/30/94	(2.0)	8.0
9/30/95	19.5	8.0
9/30/96	11.0	8.0
9/30/97	24.1	19.6
9/30/98	1.7	8.0
9/30/99	8.5	8.5
9/30/00	14.6	8.5
9/30/01	(11.7)	7.2
9/30/02	(6.1)	(6.0)
9/30/03	14.5	8.5
9/30/04	7.1	8.5
9/30/05	10.5	8.5
9/30/06	7.2	8.5
9/30/07	12.9	8.5
9/30/08	(13.9)	(5.8)
9/30/09	0.9	1.4
Average Compounded Rate of Return for Number of Years Shown	6.8 %	6.6 %
Average Compounded Rate of Return for Last 5 Years	3.0 %	4.1 %

**SECTION D**

**FINANCIAL ACCOUNTING INFORMATION**

## FASB NO. 35 INFORMATION

A. Valuation Date	October 1, 2009	October 1, 2008
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 6,260,606	\$ 5,354,523
b. Terminated Vested Members	148,637	137,846
c. Other Members	3,537,517	3,622,953
d. Total	9,946,760	9,115,322
2. Non-Vested Benefits	768,482	897,667
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	10,715,242	10,012,989
4. Accumulated Contributions of Active Members	909,742	934,976
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	10,012,989	8,855,509
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	0	241,503
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	1,236,932	1,343,064
d. Benefits Paid	(534,679)	(427,087)
e. Net Increase	702,253	1,157,480
3. Total Value at End of Period	10,715,242	10,012,989
D. Market Value of Assets	7,223,742	7,071,029
E. Assets as % of C3	67.4 %	70.6 %
F. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

**SCHEDULE OF FUNDING PROGRESS**  
(GASB Statement No. 25)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL/As % of Covered Payroll (b - a) / c
10/1/1993	\$ 2,577,934	\$ 2,961,929	\$ 383,995	87.0 %	\$ 1,740,350	22.1 %
10/1/1994	2,803,417	3,153,955	350,538	88.9	1,578,354	22.2
10/1/1995	3,031,786	3,378,030	346,244	89.8	1,557,315	22.2
10/1/1996	3,302,709	3,867,752	565,043	85.4	1,816,563	31.1
10/1/1997	4,105,384	4,159,477	54,043	98.7	1,938,289	2.8
10/1/1998	4,499,036	4,830,290	331,254	93.1	2,059,454	16.1
10/1/1999	4,968,625	5,361,229	392,604	92.7	2,383,138	16.5
10/1/2000	5,401,727	5,453,621	51,894	99.0	2,068,992	2.5
10/1/2001	5,509,891	5,769,233	259,342	95.5	2,251,442	10.3
10/1/2002	5,274,601	6,396,332	1,121,731	82.5	2,832,569	39.6
10/1/2003	5,868,307	6,959,494	1,091,187	84.3	2,752,396	39.6
10/1/2004	6,423,551	7,390,243	966,692	86.9	2,753,730	35.1
10/1/2005	6,955,448	7,745,220	789,772	89.8	2,831,275	27.9
10/1/2006	7,545,546	8,894,866	1,349,320	84.8	3,161,376	42.7
10/1/2007 (a)	8,107,177	9,487,447	1,380,270	85.5	3,657,867	37.7
10/1/2007 (b)	8,107,177	11,176,288	3,069,111	72.5	3,707,079	82.8
10/1/2008 (a)	7,794,762	12,353,329	4,558,567	63.1	3,857,700	118.2
10/1/2008 (b)	8,518,496	12,697,837	4,179,341	67.1	3,857,700	108.3
10/1/2009	8,730,041	13,242,553	4,512,512	65.9	3,194,420	141.3

(a) before assumption and method changes

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**(GASB Statement No. 25)**

<b>Year Ended September 30</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
1994	\$ 240,949	\$ 246,171	102.2 %
1995	188,726	188,726	100.0
1996	171,919	171,920	100.0
1997	234,532	238,013	101.5
1998	188,646	243,834	129.3
1999	218,198	218,199	100.0
2000	261,249	262,060	100.3
2001	187,773	263,008	140.1
2002	188,284	320,706	170.3
2003	375,985	375,985	100.0
2004	356,845	357,556	100.2
2005	370,979	370,979	100.0
2006	390,060	397,805	102.0
2007	394,861	397,559	100.7
2008	495,147	516,320	104.3
2009	639,605	640,483	100.1



**ANNUAL PENSION COST AND NET PENSION OBLIGATION  
(GASB STATEMENT NO. 27)**

<b>Employer FYE September 30</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Annual Required Contribution (ARC)	\$ 770,305	\$ 639,605	\$ 495,147
Interest on Net Pension Obligation (NPO)	(21,439)	(22,708)	(23,202)
Adjustment to ARC	(38,245)	(40,509)	(40,980)
Annual Pension Cost (APC)	787,111	657,406	512,925
Contributions made	*	640,483	516,320
Increase (decrease) in NPO	*	16,923	(3,395)
NPO at beginning of year	(285,848)	(302,771)	(299,376)
NPO at end of year	*	(285,848)	(302,771)
* To be determined			

**THREE YEAR TREND INFORMATION**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/2007	\$405,362	\$397,559	98.1 %	(\$299,376)
9/30/2008	512,925	516,320	100.7	(302,771)
9/30/2009	657,406	640,483	97.4	(285,848)

**REQUIRED SUPPLEMENTARY INFORMATION**  
**GASB Statement No. 25 and No. 27**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation:

Valuation Date:	October 1, 2009
Contribution Rates	
Employer	23.47%
Plan members	5.00%
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar, closed
Remaining Amortization Period	29 years
Asset Valuation Method	See Assumptions page
Actuarial Assumptions	
Investment rate of return	7.5%
Projected salary increases	6.0 - 7.5%
Includes inflation and other general increases at	3.0%
Cost of Living adjustments	NA

**SECTION E**  
**MISCELLANEOUS INFORMATION**

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/08 To 10/1/09	From 10/1/07 To 10/1/08
<b>A. Active Members</b>		
1. Number Included in Last Valuation	92	93
2. New Members Included in Current Valuation	0	8
3. Non-Vested Employment Terminations	(10)	(6)
4. Vested Employment Terminations	0	0
5. Service Retirements	(1)	(1)
6. Disability Retirements	0	0
7. Deaths	0	0
8. DROP Participation	(4)	(2)
9. Number Included in This Valuation	77	92
<b>B. Terminated Vested Members</b>		
1. Number Included in Last Valuation	1	1
2. Additions from Active Members	0	0
3. Lump Sum Payments/Refund of Contributions	0	0
4. Payments Commenced	0	0
5. Deaths	0	0
6. Other--Return to Active	0	0
7. Number Included in This Valuation	1	1
<b>C. DROP Plan Members</b>		
1. Number Included in Last Valuation	4	2
2. Additions from Active Members	4	2
3. Retirements	0	0
4. Deaths Resulting in No Further Payments	0	0
5. Other	0	0
6. Number Included in This Valuation	8	4
<b>D. Service Retirees, Disability Retirees and Beneficiaries</b>		
1. Number Included in Last Valuation	40	40
2. Additions from Active Members	1	1
3. Additions from Terminated Vested Members	0	0
4. Deaths Resulting in No Further Payments	0	(1)
5. Deaths Resulting in New Survivor Benefits	0	0
6. End of Certain Period - No Further Payments	0	0
7. Other - Additions from DROP	0	0
8. Number Included in This Valuation	41	40

Palmetto General - 10/1/09

Age Group	Years of Service to Valuation Date													Total
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up		
0-4 NO.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
TOT PAY	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
AVG PAY	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
5-9 NO.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
TOT PAY	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
AVG PAY	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
10-14 NO.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
TOT PAY	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
AVG PAY	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
15-19 NO.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
TOT PAY	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
AVG PAY	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	
20-24 NO.	0.	1.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	1.	
TOT PAY	0.	24796.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	24796.	
AVG PAY	0.	24796.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	24796.	
25-29 NO.	0.	0.	3.	1.	1.	0.	0.	0.	0.	0.	0.	0.	5.	
TOT PAY	0.	0.	87616.	30391.	29990.	0.	0.	0.	0.	0.	0.	0.	147997.	
AVG PAY	0.	0.	29205.	30391.	29990.	0.	0.	0.	0.	0.	0.	0.	29599.	
30-34 NO.	0.	0.	2.	1.	0.	3.	1.	0.	0.	0.	0.	0.	7.	
TOT PAY	0.	0.	55143.	28115.	0.	93083.	32184.	0.	0.	0.	0.	0.	208525.	
AVG PAY	0.	0.	27572.	28115.	0.	31028.	32184.	0.	0.	0.	0.	0.	29789.	
35-39 NO.	0.	1.	0.	1.	1.	3.	0.	0.	0.	0.	0.	0.	6.	
TOT PAY	0.	25415.	0.	31559.	32641.	102289.	0.	0.	0.	0.	0.	0.	191904.	
AVG PAY	0.	25415.	0.	31559.	32641.	34096.	0.	0.	0.	0.	0.	0.	31984.	
40-44 NO.	0.	1.	3.	1.	0.	4.	2.	0.	0.	1.	0.	0.	12.	
TOT PAY	0.	30640.	123078.	45198.	0.	185188.	93744.	0.	0.	51397.	0.	0.	529245.	
AVG PAY	0.	30640.	41026.	45198.	0.	46237.	46872.	0.	0.	51397.	0.	0.	44104.	
45-49 NO.	0.	0.	1.	2.	0.	5.	3.	2.	0.	1.	0.	0.	14.	
TOT PAY	0.	0.	31605.	69118.	0.	203285.	117062.	89857.	0.	51406.	0.	0.	562333.	
AVG PAY	0.	0.	31605.	34559.	0.	40657.	39021.	44929.	0.	51406.	0.	0.	40167.	
50-54 NO.	0.	0.	3.	0.	0.	3.	3.	1.	0.	0.	1.	0.	11.	
TOT PAY	0.	0.	99473.	0.	0.	135664.	117290.	65694.	0.	0.	46853.	0.	464974.	
AVG PAY	0.	0.	33158.	0.	0.	45221.	39097.	65694.	0.	0.	46853.	0.	42270.	
55-59 NO.	0.	1.	0.	1.	0.	2.	4.	0.	1.	1.	0.	0.	10.	
TOT PAY	0.	32461.	0.	30037.	0.	83467.	157593.	0.	37473.	50928.	0.	0.	391959.	
AVG PAY	0.	32461.	0.	30037.	0.	41734.	39398.	0.	37473.	50928.	0.	0.	39196.	
60-64 NO.	0.	1.	1.	0.	1.	2.	2.	0.	0.	0.	0.	0.	7.	
TOT PAY	0.	30186.	26037.	0.	49929.	74120.	76855.	0.	0.	0.	0.	0.	257127.	
AVG PAY	0.	30186.	26037.	0.	49929.	37060.	38428.	0.	0.	0.	0.	0.	36732.	
65-69 NO.	0.	0.	0.	0.	0.	3.	1.	0.	0.	0.	0.	0.	4.	
TOT PAY	0.	0.	0.	0.	0.	158411.	36907.	0.	0.	0.	0.	0.	195318.	
AVG PAY	0.	0.	0.	0.	0.	52804.	36907.	0.	0.	0.	0.	0.	48830.	
TOT NO.	0.	5.	13.	7.	3.	25.	16.	3.	1.	3.	1.	0.	77.	
TOT AMT	0.	143498.	422952.	234418.	112560.	1035507.	631635.	155551.	37473.	153731.	46853.	0.	2974178.	
AVG AMT	0.	28700.	32535.	33488.	37520.	41420.	39477.	51850.	37473.	51244.	46853.	0.	38626.	

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## SCHEDULE OF NON-ACTIVE PARTICIPANTS DATA

Age	Terminated Vested		Disabled		Age & Service		Other		Total	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	0	0	0	0
50 - 54	0	0	0	0	2	68028	0	0	2	68028
55 - 59	1	19108	1	14353	2	54004	0	0	4	87465
60 - 64	0	0	0	0	10	168926	0	0	10	168926
65 - 69	0	0	1	4291	7	91553	0	0	8	95844
70 - 74	0	0	1	3546	10	85712	0	0	11	89258
75 - 79	0	0	0	0	5	83204	1	4687	6	87891
80 - 84	0	0	0	0	5	20334	2	5681	7	26015
85 - 89	0	0	0	0	0	0	1	3000	1	3000
90 - 94	0	0	0	0	1	6911	0	0	1	6911
95 - 99	0	0	0	0	0	0	0	0	0	0
100 & Over	0	0	0	0	0	0	0	0	0	0
Total	1	19108	3	22190	42	578672	4	13368	50	63338
Ave. Age		55		65		69		81		69
Liability		148637		211870		5965616		83120		6409243

**SECTION F**  
**SUMMARY OF PLAN PROVISIONS**

## SUMMARY OF PLAN PROVISIONS

### A. Ordinances

Plan established under the Code of Ordinances for the City of Palmetto, Florida, Chapter 22, Article IV, and was most recently amended under Ordinance No. 09-988 passed and adopted on April 6, 2009. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

### B. Effective Date

May 1, 1982; Amended Plan Effective Date: October 1, 1996.

### C. Plan Year

October 1 through September 30.

### D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

### E. Eligibility Requirements

All full-time employees of the City, except police officers, become members on their date of hire.

### F. Credited Service

Credited Service is measured as the total number of years and fractional parts of years from the date of employment to the date of termination or retirement. No service is credited for any periods of employment for which a member received a refund of their contributions. Terminated employees who return to work after having received a refund may have their prior service reinstated if they repay the full amount of the refund plus 5.0% interest.

### G. Compensation/Salary

The total compensation for services rendered to the City as a general employee reportable on the member's W-2 form including lump sum payments of unused sick leave and vacation time, plus all tax deferred, tax sheltered or tax exempt items of income derived from elective employee payroll deductions or salary reductions.

### H. Average Final Compensation (AFC)

The average of Salary during the highest 5 consecutive years out of the last 10 years preceding termination or retirement.



**I. Normal Retirement**

**Eligibility:** A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 60 with 5 years of Credited Service (10 years if hired after January 1, 1995), or
- (2) 30 years of Credited Service regardless of age.

**Benefit:** 2.5% of AFC multiplied by years of Credited Service.

**Normal Form of Benefit:** Single Life Annuity; other options are also available.

**COLA:** There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

**J. Early Retirement**

**Eligibility:** A member may elect to retire earlier than the Normal Retirement Eligibility upon the attainment of age 55 with 5 years of Credited Service (10 years if hired after January 1, 1995).

**Benefit:** The Normal Retirement Benefit is reduced by 3.0% for each year by which the Early Retirement date precedes the member's Normal Retirement date.

**Normal Form of Benefit:** Single Life Annuity; other options are also available.

**COLA:** There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

**K. Delayed Retirement**

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

**L. Service Connected Disability**

**Eligibility:** Any member with 5 or more years (10 years if hired after January 1, 1995) of Credited Service who becomes totally and permanently disabled and unable to perform regular and continuous duties for the City or establish other gainful employment is immediately eligible for a disability benefit.

**Benefit:** Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability. Disability benefits, when combined with Worker's Compensation benefits, can not exceed and will be limited to the AFC on the date of disability.

**Normal Form of Benefit:** Benefits begin on the first day of the month following the date the Board approves the disability and are payable until death or recovery from disability. Other options are also available.

**COLA:** There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

#### **M. Non-Service Connected Disability**

**Eligibility:** Any member with 5 or more years (10 years if hired after January 1, 1995) of Credited Service who becomes totally and permanently disabled and unable to perform regular and continuous duties for the City or establish other gainful employment is immediately eligible for a disability benefit.

**Benefit:** Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability. Disability benefits, when combined with Worker's Compensation benefits, can not exceed and will be limited to the AFC on the date of disability.

**Normal Form of Benefit:** Benefits begin on the first day of the month following the date the Board approves the disability and are payable until death or recovery from disability. Other options are also available.

**COLA:** There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

#### **N. Death in the Line of Duty**

**Eligibility:** Any member who dies with 5 or more years (10 years if hired after January 1, 1995) of Credited Service is eligible for survivor benefits.

**Benefit:** Beneficiary will be paid the member's accrued benefit based upon Credited Service and AFC as of the date of death. Benefits begin on the member's Early or Normal Retirement date, at the option of the beneficiary, and will be actuarially reduced for Early Retirement when applicable. Alternatively, beneficiaries of members who were not yet eligible for Early or Normal Retirement can elect immediate benefits that are further reduced for early payment.

**Normal Form of Benefit:** Payable for 10 years.

In lieu of the benefits described above, beneficiaries of those who were members on or before October 1, 1996 can elect a lump sum based upon the greater of:

- (1) 5 times the vested pension benefit, or
- (2) the present value of the vested pension benefit.

**COLA:** There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

The beneficiary of a member with less than 5 years (10 years if hired after January 1, 1995) of Credited Service at the time of death will receive a refund of the member's accumulated contributions with interest.

## O. Other Pre-Retirement Death

**Eligibility:** Any member who dies with 5 or more years (10 years if hired before January 1, 1995) of Credited Service is eligible for survivor benefits.

**Benefit:** Beneficiary will be paid the member's accrued benefit based upon Credited Service and AFC as of the date of death. Benefits begin on the member's Early or Normal Retirement date, at the option of the beneficiary, and will be actuarially reduced for Early Retirement when applicable. Alternatively, beneficiaries of members who were not yet eligible for Early or Normal Retirement can elect immediate benefits that are further reduced for early payment.

**Normal Form of Benefit:** Payable for 10 years.

In lieu of the benefits described above, beneficiaries of those who were members on or before October 1, 1996 can elect a lump sum based upon the greater of:

- (1) 5 times the vested pension benefit, or
- (2) the present value of the vested pension benefit.

**COLA:** There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

The beneficiary of a member with less than 5 years (10 years if hired after January 1, 1995) of Credited Service at the time of death will receive a refund of the member's accumulated contributions with interest.

## P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

## Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the 10 Year Certain and Life option or the 50%, 66 2/3%, 75% or 100% Joint and Survivor options. A Social Security option is also available for members retiring prior to the time they are eligible for Social Security retirement benefits.

Members who do not participate in the DROP also have the option of electing a partial lump sum with the remaining portion of their benefit converted to one of the Optional Forms above.

## R. Vested Termination

**Eligibility:** A member has earned a non-forfeitable right to Plan benefits after the completion of 5 years (10 years if hired after January 1, 1995) of Credited Service.

**Benefit:** The member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the member's Normal Retirement date. Alternatively, members may elect to receive an actuarially reduced Early Retirement Benefit any time after age 55.

**Normal Form**

of Benefit: 10 Years Certain and Life thereafter; other options are also available.

In lieu of the benefits described above, those who were members on or before October 1, 1996 can elect a lump sum based upon the greater of:

- (1) 5 times the vested pension benefit, or
- (2) the present value of the vested pension benefit.

COLA: There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

Plan members with less than 5 years (10 years if hired before January 1, 1995) of Credited Service will receive a refund of their own accumulated contributions with interest.

**S. Refunds**

Eligibility: All members terminating employment with less than 5 years of Credited Service are eligible. Optionally, vested members (those with 5 or more years of credited service) may elect a refund in lieu of the vested benefits otherwise due.

Benefit: Refund of the member's contributions with interest. Interest is currently credited at a rate of 4.0% per annum. No interest is credited prior to January 1, 1986.

**T. Member Contributions**

5.0% of Compensation

**U. Employer Contributions**

Any additional amount determined by the actuary needed to fund the plan properly according to State laws.

**V. Cost of Living Increases**

Effective October 1, 1996, the monthly benefit being received by every retired member, joint pensioner or beneficiary receiving benefits as a result of a retirement that occurred prior to October 1, 1990 received an Ad Hoc COLA of 10%. In addition, for any retirees whose benefits were less than \$250 as of October 1, 1996, including the COLA increases, if applicable, their benefits were increased to \$250.

**W. 13<sup>th</sup> Check**

Not Applicable.

**X. Deferred Retirement Option Plan**

Eligibility: Plan members are eligible for the DROP on the first day of the month coincident with or next following the earlier of:

- (1) age 60 with 5 years (10 years if hired after January 1, 1995) of Credited Service, or

(2) 30 years of Credited Service regardless of age.

Members who meet eligibility must submit a written election to participate in the DROP.

**Benefit:** The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.

**Maximum**

**DROP Period:** 60 months from date of participation in the DROP, but not to exceed 5 years from the date the member first became eligible for Normal Retirement.

**Interest**

**Credited:** The member's DROP account is credited or debited quarterly at a rate equal to one of the following as elected by the member:

- (1) 6.5% per annum compounded monthly on the prior month's ending balance, or
- (2) the actual net rate of investment return realized by the Plan for that quarter.

**Normal Form**

**of Benefit:** Options include a lump sum or DROP distribution used to purchase fixed annuity.

**COLA:**

There are currently no annual COLA benefits; although the City has adopted an Ad Hoc COLA in the past (refer to Section V, Cost of Living Increases).

**Y. Other Ancillary Benefits**

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Palmetto General Employees' Retirement System liability if continued beyond the availability of funding by the current funding source.

**Z. Changes from Previous Valuation**

The Plan was amended by Ordinance No. 09-988 as follows:

- Changes the actuarial equivalence definition to use assumptions adopted by the Board so that benefit calculations are not subject to City discretion.
- Modifies the definition of credited service for qualified military service to be included provided the member pays missed contributions.
- Modifies the definition of salary to cap pay at the 401(a)(17) limit.
- Modifies the language defining the City contribution
- Adds a section describing required distributions at age 70 ½.
- Clarifies the conditions under which a disabled retiree gets his last payment.
- Clarifies pre-retirement death benefit for spouse and non-spouse beneficiaries.
- Add language capping the joint and survivor percentage allowed based on Section 401(a)(9).
- Changes the section describing the maximum pension and minimum distributions.
- Changes the sections relating to the repeal or termination of the system, domestic relation orders, forfeitures of pensions and direct transfers of eligible rollover distributions.